



Committee Secretary
Joint Standing Committee on Treaties
Parliament House
Canberra ACT

**SUBMISSION TO THE JOINT STANDING COMMITTEE ON TREATIES
CONCERNING THE AGREEMENTS BETWEEN THE GOVERNMENT OF
AUSTRALIA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF
CHINA ON THE TRANSFER OF NUCLEAR MATERIAL AND COOPERATION
FOR THE PEACEFUL USES OF NUCLEAR ENERGY.**

1. Paladin Resources Limited (Paladin) is an Australian company (listed on the Australian Stock Exchange and the Toronto Stock Exchange) which is currently commissioning a new uranium mine and production plant in Namibia (the Langer Heinrich Uranium Project), and has just filed a comprehensive Environment Impact Assessment to support the proposed development of a new uranium mine and production plant at Kayelekera in northern Malawi. Paladin owns several undeveloped uranium deposits in Australia: Manyingee and Oobagooma, in northern Western Australia, and as a result of the recent takeover of Valhalla Uranium Ltd has significant uranium interests in Queensland and the Northern Territory, principally a 50% interest in the Valhalla and Skal projects in Queensland, and a series of projects in the Ngalia Basin and Pine Creek districts of the Northern Territory.
2. Paladin has extensive experience and knowledge of the world uranium market and is familiar with the issues concerning the trade in civil nuclear fuel for power reactors.
3. Paladin supports the proposed Agreements between Australia and the People's Republic of China because they will extend to China the same rights and obligations in relation to the peaceful use of Australian Obligated Nuclear Material (AONM) which Australia already offers to the United Kingdom, the United States, and France, each of which is a Nuclear Weapons State under the Nuclear Non-Proliferation Treaty and is also a significant consumer of AONM for nuclear power reactors.
4. Civil nuclear power is an important source of electricity worldwide and there is universal acknowledgement that more nuclear power stations will be built over the next several decades as part of global climate change and carbon emission mitigation strategies.
5. China is undergoing profound economic change which is significantly increasing its energy requirements. China's official policy is to expand its civil nuclear power program (as part of an urgent expansion of all types of power generation) from its

present 10 reactor fleet to over 40 reactors by the next decade. China's domestic uranium resources are unlikely to be adequate to meet the fuel needs of the expanding reactor fleet, which means China will become a purchaser of uranium on the international market.

6. Australia is currently the second-largest producer of uranium, and supplies power utilities in most nuclear power countries around the world subject to and in strict compliance with our nuclear safeguards policies.
7. Australia's nuclear safeguards system is exemplary, and is supported by uranium buyers as well as the Australian sellers because it provides a clear framework for the proper accounting and management of AONM throughout the nuclear fuel cycle. Australia's additional requirement that IAEA safeguards must be supplemented with Bilateral Safeguards Treaties provides a substantive "fall-back" mechanism should international systems break down.
8. Paladin believes it is indisputable that extending the reach of Australia's nuclear safeguards system, by concluding agreements with suitably qualified countries, has the net effect of bringing more nuclear material under the Australian (and IAEA) accounting and monitoring system, which means the overall "safeguarding" of the world nuclear market is improved.
9. The People's Republic of China is a Nuclear Weapons State under the Nuclear Non-Proliferation Agreement and as such has an obligation to support the objectives of the Treaty by, amongst other things, supporting the development of nuclear energy for peaceful purposes.
10. Australia is a major supplier of basic raw materials to China. The extension of this trade relationship to nuclear energy is not only logical, but is demonstrably in the national interests of both countries. Australia has a well-earned reputation as a reliable, secure, and competitive supplier of key industrial inputs to large, import-dependent countries in the northern hemisphere and as a nation we benefit economically from that trade. Nuclear energy is a clean, efficient, carbon-free source of base load electricity. There is no reason why China should be denied the opportunity to buy Australian uranium. The proposed Agreements provide a proper framework to enable the civil nuclear trade between Australia and the People's Republic of China to prosper and to further enhance and strengthen the ties between the two countries.

Submitted with respect by:

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